



**S.B. 1033**  
**House Committee on Insurance**

**December 9, 2014**

My name is Christine Shearer and I am the Deputy Director of the Office of Legislation and Advocacy for the Michigan Association of Health Plans. Our association represents 17 health plans serving over 2.5 Million Michigan citizens in Medicaid, Medicare and Commercial products and 55 business and limited members. Members of MAHP employ nearly 4000 individuals throughout Michigan.

MAHP is neutral to SB 1033, but we have some concerns, as we believe that this bill would create substantial confusion in the insurance marketplace by causing individuals to enter into medical retainer agreements under which they would pay for health care services that are already covered by insurance. The confusion would arise in two ways.

First, by the definition of the medical retainer agreement in section 4(B), is defined as an agreement between a health care provider and an individual, under which the health care provider would provide routine health care services for an agreed-upon fee and period of time, those with traditional insurance would be in effect paying for services that carry no-cost sharing.

Routine health care services are defined in section 4(C) as "screening, assessment, diagnosis and treatment for the purpose of promotion of health or detection and management of disease or injury; medical supplies and drugs that are dispensed in a health care provider's office or facility site; and laboratory work, including routine blood screening or routine pathology services..."

For individuals who have access to insurance, either through their employer, under Medicaid, Medicare or under the Affordable Care Act, preventive health services are covered with no or little cost-sharing by the individual under most plans. "Routine health care services" under SB 1033 includes preventive health services. SB 1033 would, therefore, require an individual to pay a fee to the provider under the medical retainer agreement for coverage of preventive health services, which generally carry no cost-sharing under an insurance plan, under Medicaid, Medicare or under a plan purchased through the Affordable Care Act.



Second, chapter 35 of the Insurance Code regulates health maintenance organizations in several ways that conflict with the concept of a medical retainer agreement. Health maintenance organizations are required to cover basic health services, which would include routine health care services provided under this bill in a physician office. Section 3513(2) requires that health maintenance organizations provide health maintenance services as promptly as possible to each enrollee in a manner that assures continuity and are available and accessible 24 hours per day, 7 days per week. For an individual who is covered under a health maintenance organization, the services offered under a medical retainer agreement would be duplicative.

In addition, health maintenance organizations enter into contracts with affiliated providers that prohibit a provider from seeking payment from an enrollee for services provided under the health maintenance contract, except for copayments, coinsurance and deductibles. A provider who accepts a fee under a medical retainer agreement would violate his/her agreement with the health maintenance organization.

Other insurers enter into contracts with providers through prudent purchaser arrangements which also restrict the payments a provider may accept from an individual.

There may be a role for medical retainer agreements as proposed under SB 1033, for those who choose not to purchase health care insurance. Both consumers and providers would need to understand their benefits and responsibilities under other agreements to which they may be parties. At the least, a medical retainer agreement must include a requirement to disclose any possible duplication in coverage. Otherwise, the provider may violate affiliated provider agreements to which he or she is a party and the individual may pay twice for routine health care services.

Thank you for your consideration to our comments, I'd happy to answer any questions members may have.